

AIRPORT DISTRICT NO. 1  
OF THE PARISH OF BEAUREGARD  
BEAUREGARD PARISH POLICE JURY  
STATE OF LOUISIANA

ANNUAL FINANCIAL STATEMENTS  
WITH AUDITOR'S REPORT

DECEMBER 31, 2012

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## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Commissioners  
Airport District No. 1 of the Parish of Beauregard  
State of Louisiana

### Report on the Financial Statements

I have audited the accompanying financial statements of the business-type activities and the major fund of the Airport District No. 1 of the Parish of Beauregard, State of Louisiana, a component unit of the Beauregard Parish Police Jury, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major fund of the Airport District No. 1 of the Parish of Beauregard, State of Louisiana as of December 31, 2012, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### **Required Supplementary Information**

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated June 10, 2013, on my consideration of the Airport District No. 1 of the Parish of Beauregard, State of Louisiana's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport District No. 1 of the Parish of Beauregard, State of Louisiana's internal control over financial reporting and compliance.



DeRidder, Louisiana  
June 10, 2013

## BASIC FINANCIAL STATEMENTS

Airport District No. 1 of the Parish of Beauregard  
State of Louisiana

Statement A

Statement of Net Position  
December 31, 2012

	Business-Type Activities - Enterprise Fund
<u>Assets</u>	
Current Assets	
Cash	\$ 164,938
Receivables:	
Grants	31,326
Inventory	29,432
Total current assets	<u>\$ 225,696</u>
Noncurrent Assets	
Capital assets not being depreciated	\$ 386,079
Capital assets being depreciated - net	5,219,838
Total noncurrent assets	<u>\$ 5,605,917</u>
Total assets	<u><u>\$ 5,831,613</u></u>
<u>Liabilities</u>	
Current Liabilities	
Accounts payable	\$ 6,639
Salaries payable	4,711
Contracts payable	44,203
Security deposit	28,080
Total current liabilities	<u>\$ 83,633</u>
<u>Net Position</u>	
Net investment in capital assets	\$ 5,605,917
Unrestricted	142,063
Total net position	<u>\$ 5,747,980</u>
Total liabilities and net position	<u><u>\$ 5,831,613</u></u>

The accompanying notes are an integral part of this statement.

Airport District No. 1 of the Parish of Beauregard  
State of Louisiana

Statement B

Statement of Activities  
For the Year Ended December 31, 2012

Program Activities	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position Business-Type Activities
		Charges for Services	Operating Grants and Contributions	
			Capital Grants and Contributions	
Business-type activities:				
Airport	\$ 711,063	\$ 500,096	\$ 9,441	\$ (99,630)
		General revenues:		
		Investment earnings		\$ 184
		Gain on sale of assets		355
		Insurance proceeds		1,675
		Total general revenues		\$ 2,214
		Change in net position		(97,416)
		Net position at beginning of year		5,845,396
		Net position at end of year		\$ 5,747,980

The accompanying notes are an integral part of the statement.

Airport District No. 1 of the Parish of Beauregard  
State of Louisiana

Statement C

Statement of Net Position  
Proprietary Fund  
December 31, 2012

	Business-Type Activities - Enterprise Fund
<u>Assets</u>	
Current Assets	
Cash	\$ 164,938
Receivables:	
Grants	31,326
Inventory	29,432
Total current assets	<u>\$ 225,696</u>
Noncurrent Assets	
Capital assets not being depreciated	\$ 386,079
Capital assets being depreciated - net	5,219,838
Total noncurrent assets	<u>\$ 5,605,917</u>
Total assets	<u><u>\$ 5,831,613</u></u>
<u>Liabilities</u>	
Current Liabilities	
Accounts payable	\$ 6,639
Salaries payable	4,711
Contracts payable	44,203
Security deposit	28,080
Total current liabilities	<u>\$ 83,633</u>
<u>Net Position</u>	
Net investment in capital assets	\$ 5,605,917
Unrestricted	142,063
Total net position	<u>\$ 5,747,980</u>
Total liabilities and net position	<u><u>\$ 5,831,613</u></u>

The accompanying notes are an integral part of this statement.



Airport District No. 1 of the Parish of Beauregard  
State of Louisiana

Statement D

Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Fund  
For the Year Ended December 31, 2012

	<u>Business-Type Activities - Enterprise Fund</u>
Operating revenues:	
Charges for services	
Fuel sales	\$ 193,998
Water sales	4,768
Timber sales	141,730
Rentals and leases	156,961
Miscellaneous	2,639
Total operating revenues	<u>\$ 500,096</u>
Operating expenses:	
Personal services	\$ 178,467
Supplies and materials	19,146
Fuel	142,918
Contractual services	103,570
Utilities	26,841
Travel	3,761
Depreciation	236,360
Total operating expenses	<u>\$ 711,063</u>
Income (loss) from operations	<u>\$ (210,967)</u>
Nonoperating revenues (expenses)	
Investment income	\$ 184
Gain on asset disposal	355
Insurance proceeds	1,675
Total nonoperating revenues (expenses)	<u>\$ 2,214</u>
Loss before capital contributions	\$ (208,753)
Capital contributions	<u>111,337</u>
Change in net position	\$ (97,416)
Net position at beginning of year	<u>5,845,396</u>
Net position at end of year	<u><u>\$ 5,747,980</u></u>

The accompanying notes are an integral part of this statement.

Airport District No. 1 of the Parish of Beauregard  
State of Louisiana

Statement E

Statement of Cash Flows  
Proprietary Fund  
For the Year Ended December 31, 2012

	Business-Type Activities - Enterprise Fund
Cash flows from operating activities:	
Cash received from customers	\$ 500,281
Cash payments to suppliers for goods and services	(305,352)
Cash payments to employees for services	(176,422)
Net cash provided by operating activities	<u>\$ 18,507</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	\$ (67,539)
Contributed capital received	85,320
Proceeds from asset disposal	419
Net cash provided for capital and related financing activities	<u>\$ 18,200</u>
Cash flow from investing activities:	
Interest on cash and investments	\$ 185
Insurance proceeds	1,675
Net cash provided by investing activities	<u>\$ 1,860</u>
Net increase (decrease) in cash and cash investments	\$ 38,567
Cash and cash investments, beginning	<u>126,371</u>
Cash and cash investments, ending	<u>\$ 164,938</u>
	(Continued)

The accompanying notes are an integral part of this statement.

Airport District No. 1 of the Parish of Beauregard  
State of Louisiana

Statement E

Statement of Cash Flows  
Proprietary Fund  
For the Year Ended December 31, 2012

	<u>Business-Type Activities - Enterprise Funds</u>
Reconciliation of income (loss) from operations to net cash provided by operating activities:	
Income (loss) from operations	<u>\$ (210,967)</u>
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:	
Depreciation	\$ 236,360
Change in assets and liabilities:	
Decrease in accounts receivable	185
Decrease in due from other governments	1,730
Decrease in inventory	78
Decrease in accounts payable	(14,149)
Decrease in prepaid insurance	4,955
Increase in salaries payable	315
Net cash provided by operating activities	<u><u>\$ 18,507</u></u>
	(Concluded)

The accompanying notes are an integral part of this statement.

## NOTES TO THE FINANCIAL STATEMENTS

Airport District No. 1 of the Parish of Beauregard  
State of Louisiana

Notes to the Financial Statements  
As of and for the Year Ended December 31, 2012

## INTRODUCTION

Airport District No. 1 of the Parish of Beauregard was created by the Beauregard Parish Police Jury through the adoption of Resolution 58-88 dated December 13, 1988, by virtue of the authority conferred by Sub-Part A, Part IV, Chapter 2, Title 2 of the Louisiana Revised Statutes of 1950, as amended, and other constitutional and statutory authority. The Airport District provides for the general maintenance, upkeep, and construction of property, plant and equipment of the Beauregard Regional Airport, DeRidder, Louisiana. The governing authority of the Airport District is a Board of Commissioners consisting of ten members selected by the Beauregard Parish Police Jury to serve a period of two years. The commissioners of the district receive no compensation for their services. The airport employees consist of five individuals that handle all maintenance and clerical work. The Airport District's boundaries include approximately four thousand acres located within the Parish of Beauregard, State of Louisiana.

GASB Statement No. 14, The Reporting Entity, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Airport District No. 1 of the Parish of Beauregard is considered a component unit of the Beauregard Parish Police Jury. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Airport District No. 1 of the Parish of Beauregard. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

#### B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Airport District No. 1 of the Parish of Beauregard reports the following proprietary fund:

The Proprietary Fund accounts for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Airport District No. 1 of the Parish of Beauregard  
State of Louisiana

Notes to the Financial Statements (Continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Charges for services of providing fuel, water, rentals, leases, and timber sales comprise the operating revenue of the District's enterprise fund. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, and then unrestricted resources as they are needed.

**C. Cash and Cash Equivalents**

The district's cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Airport District No. 1 of the Parish of Beauregard's investment policy allow the entity to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

**D. Inventories**

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased.

**E. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The district maintains a threshold level of \$5,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest expense during the current fiscal year.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings	40-50 years
Improvements other than buildings	10-40 years
Machinery and equipment	5-20 years

Airport District No. 1 of the Parish of Beauregard  
State of Louisiana

Notes to the Financial Statements (Continued)

**F. Absences**

The district has the following policy relating to sick leave and annual leave:

**Sick Leave**

All permanent, full-time employees are eligible to receive five days sick leave per year. There can be no sick leave carried over from one year to the next. Upon termination of employment the employee will not be paid for unused sick leave.

**Annual Leave**

Permanent, full-time employees may earn annual leave. All annual leave must be scheduled no later than January 31<sup>st</sup> each year and approved in advance.

Annual leave will accrue as follows:

<u>Required Length of Employment</u>	<u>Annual Leave Authorized</u>
One year	One week / 5 days
Two – Four years	Two weeks / 10 days
Five – Ten years	Three weeks / 15 days
Eleven years & above	Four weeks / 20 days

Employees may accumulate and carry over a maximum of two weeks / 10 days from one year to the next. Any annual leave above the two weeks maximum must be taken prior to December 31<sup>st</sup> of each calendar year or be lost.

Any accumulated annual leave as of December 31<sup>st</sup> would be immaterial to the financial statements and has not been recorded.

**G. Long-Term Obligations**

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Airport District No.1 of the Parish of Beauregard has no long-term obligations as of December 31, 2012.

**H. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the district, which are either unusual in nature or infrequent in occurrence. There were no extraordinary or special items to report as of December 31, 2012.

**I. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Airport District No. 1 of the Parish of Beauregard  
State of Louisiana

Notes to the Financial Statements (Continued)

**2. CASH AND CASH EQUIVALENTS**

At December 31, 2012, the District has cash (book balances) totaling \$ 164,938 as follows:

Money market interest bearing demand deposits	\$ 164,638
Petty cash	<u>300</u>
Total	<u>\$ 164,938</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2012, the District has \$ 164,638 in deposits (collected bank balances). These deposits are secured from risk by \$ 164,638 of federal deposit insurance. State statutes relating to cash and cash equivalents are located at Note 1C.

**3. RECEIVABLES**

The receivables of \$ 31,326 at December 31, 2012, are as follows:

<u>Class of receivable</u>	<u>Amount</u>
Grants	<u>\$ 31,326</u>



Airport District No. 1 of the Parish of Beauregard  
State of Louisiana

Notes to the Financial Statements (Continued)

**4. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended December 31, 2012, for the primary government is as follows:

	Beginning Balance	Increases	Decreases	Ending Balances
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 305,267	\$ -	\$ -	\$ 305,267
Construction in progress	41,638	103,757	64,583	80,812
Total capital assets not being depreciated	<u>346,905</u>	<u>103,757</u>	<u>64,583</u>	<u>386,079</u>
Capital assets being depreciated				
Buildings	746,053	-	-	746,053
Improvements other than buildings	8,038,318	64,583	-	8,102,901
Machinery and equipment	620,124	6,600	26,360	600,364
Total capital assets being depreciated	<u>9,404,495</u>	<u>71,183</u>	<u>26,360</u>	<u>9,449,318</u>
Less accumulated depreciation for:				
Buildings	374,673	18,652	-	393,325
Improvements other than buildings	3,194,222	206,443	-	3,400,665
Machinery and equipment	450,521	11,265	26,296	435,490
Total accumulated depreciation	<u>4,019,416</u>	<u>236,360</u>	<u>26,296</u>	<u>4,229,480</u>
Total business-type assets being depreciated, net	<u>\$ 5,385,079</u>	<u>\$ (165,177)</u>	<u>\$ (64)</u>	<u>\$ 5,219,838</u>

**5. CONSTRUCTION COMMITMENTS**

Airport District No. 1 of the Parish of Beauregard has active construction projects as of December 31, 2012. The Airport District had the following construction projects. The Beacon Tower Lighting Project which provides additional lighting for pilots, the two airport runway projects are to improve the runway strips, and the Environmental Wetlands Acquisition Project is to secure property in a wetlands area. At year end the commitments with contractors were as follows:

Project	Spent to date	Remaining Commitment
Beacon Tower Lighting	\$ 10,196	\$ 14,804
Rehabilitate Runway 18-36	38,594	51,406
Rehabilitate Runway 14-32	25,769	31,351
Environmental Wetland Acquisition	6,253	139,347

**6. ACCOUNTS AND OTHER PAYABLES**

The payables of \$ 55,553 at December 31, 2012, are as follows:

Accounts	\$ 6,639
Salaries	4,711
Contracts	44,203
Total	<u>\$ 55,553</u>

Airport District No. 1 of the Parish of Beauregard  
State of Louisiana

Notes to the Financial Statements (Concluded)

**7. PENSION PLAN**

Substantially all employees of Airport District No. 1 of the Parish of Beauregard are members of the Parochial Employees Retirement System of Louisiana (System), a cost sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. The employees of the airport district are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only prior to January 1, 1980, the benefit is equal to 1 percent of final-average salary plus \$24 for each year of supplemental-plan-only service earned prior to January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, PO Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

Funding Policy

Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary and the district is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the district are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The district's contributions to the System under Plan A for the years ending December 31, 2012, 2011 and 2010, were \$19,334, \$17,294, and \$15,807, respectively, equal to the required contributions for each year.

## OTHER REPORTS

Airport District No. 1 of the Parish of Beauregard  
State of Louisiana

Schedule 1

Schedule of Prior Year Audit Findings  
Year Ended December 31, 2012

Findings - Financial Statement Audit

There were no prior year audit findings reported as of December 31, 2011.

Schedule of Current Year Audit Findings and Management's Response  
Year Ended December 31, 2012

Findings - Financial Statement Audit

There are no current year audit findings reported as of December 31, 2012.

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Board of Commissioners  
Airport District No. 1 of the Parish of Beauregard  
State of Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the major fund of the Airport District No. 1 of the Parish of Beauregard, State of Louisiana, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Airport District No. 1 of the Parish of Beauregard, State of Louisiana's basic financial statements, and have issued my report thereon dated June 10, 2013.

### **Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Airport District No. 1 of the Parish of Beauregard, State of Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Airport District No. 1 of the Parish of Beauregard, State of Louisiana's internal control. Accordingly, I do not express an opinion on the effectiveness of the Airport District No. 1 of the Parish of Beauregard, State of Louisiana's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Airport District No. 1 of the Parish of Beauregard, State of Louisiana's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "John A. Windham, CPA". The signature is written in a cursive, flowing style.

DeRidder, Louisiana  
June 10, 2013